2005-2006

Islands Trust

Islands Trust Annual Report

*Preserving **Island** communities, culture and environment*

Islands Trust **Annual Report** 2005 – 2006

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Message from the Islands Trust Council Chair

Since the beginning of this decade, the Islands Trust has evolved as an organization by moving towards a more balanced approach to human and environmental aspects of communities. We have moved towards a culture of encouragement by reaching out to communities, looking at non-regulatory tools and enhancing First Nation relations, education and communication.

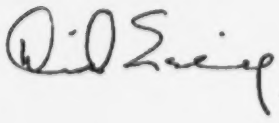
We have focused on the Islands Trust's relationships with First Nations, accountability in fiscal management and the use of staff time. We have emphasized the use of the Policy Statement in local planning, and we have enhanced bylaw enforcement. We have improved our communications with constituents. For example, this year we published a new brochure to explain the role of the Islands Trust and we developed a Gulf Islands Waterscape poster in partnership with a number of other agencies.

On the conservation side, the Trust Fund Board has protected 53 properties, implemented the Natural Area Protection Tax Exemption Program and completed a Regional Conservation Plan.

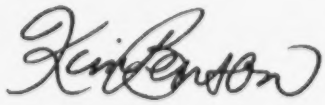
One of the highlights of this past year was a community forum on island tourism, attended by almost 150 islanders. The intent of the forum was to provide Trust Area-wide opportunity for islanders to talk about issues and identify community-based solutions. This is particularly important in view of the surge in tourism anticipated before and during the 2010 Olympics. Tourism was also flagged by participants in the Islands Trust inter-island forum in 2005 as an important topic for further discussion.

We have moved forward on a number of fronts and will continue to work on new challenges related to community diversity and community housing. During the 2005 – 2008 term of office, we will review the issue of governance in the Islands Trust Area with the formation of a special Trust Council Task Force that will coordinate the Islands Trust's consultation with island communities, develop recommendations to Council and coordinate Council's input to the provincial government in time for the local government elections of 2008.

We are proud of the Islands Trust and our mandate. It is a privilege to serve as Chair of the Islands Trust Council.



David Essig
Chair, Islands Trust Council
April - December 2005



Kim Benson
Chair, Islands Trust Council
January - March 2006

Message from the Islands Trust Fund Board Chair

We are proud to have participated in the outstanding strides made by the Trust Fund Board in conserving special places in the Gulf and Howe Sound Islands. The Trust Fund Board continues to protect fragile ecosystems and habitat through a growing range of conservation tools and to provide programs and ideas to residents and visitors of the Islands Trust Area.

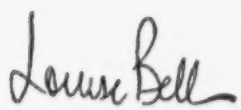
Today, the Islands Trust Fund conservation mandate is stronger than ever. Our first Regional Conservation Plan was endorsed by Trust Council in 2005. The Plan has enabled the Trust Fund Board to set priorities and make decisions about ecosystem protection that are based on the latest data on island ecosystems. As well, the Plan has allowed us to set measurable goals to achieve by 2010. We will work towards these goals over the next five years, adapting our approaches as new scientific information becomes available.

As of March 2006, the Trust Fund Board owned 17 nature reserves and held 44 conservation covenants in 12 of the 13 Local Trust Areas. In all, the Trust Fund Board protects 763 hectares of ecologically sensitive land.

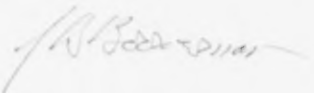
We have had great success with our land acquisition program this year. Two new properties totaling 107.5 hectares have been acquired by the Islands Trust Fund. The Morrison Marsh Nature Reserve was established on Denman Island with the help of the Denman Island Conservancy, and the Mt. Trematon Nature Reserve was established by a generous donor on Lasqueti Island. Our donors continue to inspire us by their generosity and commitment to protecting the special places in the British Columbia Gulf Islands.

In addition, the Islands Trust Fund moved forward with the Natural Area Protection Tax Exemption Program, the only property tax incentive program of its kind in Canada. The program was launched in early 2005, and the Trust Fund Board registered four new conservation covenants within the following year. With more applications coming, we are proud that this program is helping a growing number of conservation-minded landowners to create lasting legacies through conservation covenants.

This has been a good year with many reasons to celebrate land conservation accomplishments. As the Trust Fund Board transitions into a new membership with newly elected trustees, we look forward to working with our many partners to continue to protect the unique environment of the Islands Trust Area.



Louise Bell
Chairperson
April – December 2005



David Borrowman
Chairperson
January – March 2006

Message from the Chief Administrative Officer

2005-2006 has been an exciting year full of new challenges and opportunities for the Islands Trust staff and management. The transition during an election year is an opportunity for retrospection as well as renewal. The experienced leadership provided by returning trustees is augmented by the new ideas, energy and enthusiasm of those who are newly-elected. In December 2005, half of the 26-member Trust Council sat as trustees for the first time.

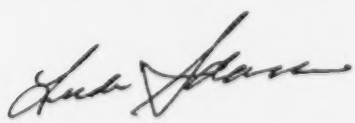
To prepare for the transition and provide the new Trust Council with a strong starting position, Islands Trust staff had worked with all Council Committees to develop a roster of potential strategic initiatives, which would form the basis for a Strategic Plan for the Islands Trust. The following points were identified as priorities:

- Governing Effectively – Improving Representation and Governance
- Sustaining the Islands – Land Conservation and Stewardship and Improving Tools for Growth Management
- Delivering Services – Bylaw Enforcement and Resources for Trust Fund Board

Staff worked with the newly-elected Trust Council as trustees reviewed these priorities and adopted a three-year Strategic Plan. Building on the Strategic Plan, Trust Council requested the Executive Committee to establish a new Governance Task Force, made up of 13 of our 26 trustees, to focus on improvements to governance that can be achieved during the 2005-8 term of office.

In the past, the Islands Trust Council has registered its objections to the GSX Pipeline project and the Duke Point Power project that BC Hydro proposed to meet electricity demands on Vancouver Island through increased fossil fuel consumption. Council asked the CAO to participate in the Environmental Assessment Office working group regarding the Vancouver Island Transmission Reinforcement Project that proposes to upgrade the existing transmission lines that cross Galiano and Salt Spring Island. The CAO has also applied on behalf of Trust Council as a non-active intervener in the BC Utilities Commission review of the project and will apply for intervener status in the environmental review that is expected to begin in 2006. These and other initiatives reflect Trust Council's renewed focus on advocacy on behalf of islanders.

Our challenge going forward will be to assist Trust Council in achieving its ambitious plan of work on behalf of islanders and all those interested in the Islands Trust Area.



Linda Adams
Chief Administrative Officer

The Islands Trust Area

The Trust Area covers the islands and waters between the British Columbia mainland and southern Vancouver Island, including Howe Sound and as far north as Comox, with the exception of Texada Island. It is approximately 5200 square kilometres (2000 square miles) in size and has a resident population of approximately 23,000.

Located in the Strait of Georgia and Howe Sound, the Trust Area is a unique and special place – a scenic archipelago of 13 larger islands and more than 450 smaller ones. The area provides habitats for an exceptional variety of species: more than 200 types of migratory and resident birds, numerous species of fish and diverse marine and inter-tidal life, terrestrial wildlife and vegetation. Outstanding scenery and recreational resources include panoramic viewpoints, sheltered bays, protected marine waterways and anchorages that contribute to the location's beauty, appeal and tranquility.

The unique natural environment of the islands in the Strait of Georgia and Howe Sound has given the area national recognition. Realizing this, the government of British Columbia enacted special protective legislation entitled the *Islands Trust Act* in 1974. The *Act* states that the object of the Islands Trust is to "preserve and protect the Trust Area and its unique amenities and environment for the benefit of the residents of the Trust Area and of British Columbia generally, in cooperation with the municipalities, regional districts, improvement districts, other persons and organizations, and the government of British Columbia".

Organization & Responsibilities

The Trust is a unique federation of independent local governments, including the Bowen Island Municipality, which plan land use and regulate development in the Trust Area. Like other communities in British Columbia, island communities elect their local representatives every three years.

Two local trustees are elected for each group of islands designated as a local trust area or island municipality. For the twelve local trust areas, the two local trustees, together with an appointed chair from the Executive Committee, are responsible for the land use decisions within their local area. For the Bowen Island Municipality, the two local trustees are part of a seven-member council that is responsible for all functions of a local government, including land use decisions. Unlike the Bowen Island Municipal Council, each local trust committee has jurisdictional authority for the smaller islands and water that surround the major island in that local trust area.

The Islands Trust consists of a number of distinct corporate entities: the Trust Council, Executive Committee, thirteen local trust committees and Trust Fund Board. The Bowen Island Municipality is also located within the Islands Trust Area. Two municipal trustees represent the Bowen Island Municipal Council on Trust Council. The Bowen Island Municipal Council has responsibilities related to the *Islands Trust Act*.

The Islands Trust Council

The twenty-six member Trust Council establishes general policies for carrying out the object of the Islands Trust. The Council also adopts an operational budget for the Islands Trust and manages the financial undertakings of all parts of the Islands Trust except for the Trust Fund, which manages its own operations. Trust Council appoints staff and auditors and adopts an annual budget. Tax levies on properties within the Trust Area are the primary funding source for the operations of the Islands Trust; additional revenue comes from a provincial grant and development application fees.

The *Islands Trust Act* requires Trust Council to implement a Trust Policy Statement that is applicable to the whole Trust Area. The Minister of Community, Sport and Cultural Development must approve the Policy Statement before it is adopted. The Policy Statement provides broad policy guidelines for Trust Council, the Trust Fund Board and the local trust committees and island municipality regarding the protection of ecosystems, the stewardship of resources and the promotion of sustainable communities. The positions and philosophy of Trust Council contained in the Policy Statement also constitute a policy framework for reference by the public and other agencies such as the regional districts of the Trust Area, the Province and its agencies.

Trust Council has three standing committees of trustees—the Local Planning Committee, Trust Programs Committee and Financial Planning Committee—which provide policy advice to Trust Council on issues referred by the Council and on committee initiatives.

Minutes of all Trust Council meetings, including resolutions, are on-line at www.islandstrust.bc.ca/tc/minutes.cfm.

Executive Committee

The Executive Committee is comprised of the Chair of the Islands Trust Council and three Vice-Chairs, who are elected for three-year terms by Trust Council from among its members. It carries out the daily business of the Islands Trust and reviews the bylaws of Local Trust Committees to ensure compliance with the Islands Trust object and Policy Statement. The Executive Committee also acts as a Local Trust Committee for that part of the Trust Area that is not included within any other Local Trust Area or Island Municipality.

Executive Committee Members prior to December 8, 2005

David Essig, Chair (Thetis Island)
Kim Benson, Vice-Chair (Keats Island, Gambier Local Trust Area)
Gisele Rudischer, Vice-Chair (Gabriola Island)
Tony Law, Vice-Chair (Hornby Island)

Executive Committee Members as of December 8, 2005

On December 8, 2005, Trust Council elected the following trustees to the Executive Committee:
Kim Benson, Chair (Keats Island, Gambier Local Trust Area)
Gisele Rudischer, Vice-Chair (Gabriola Island)
Gary Steeves, Vice-Chair (North Pender Island)
Rose Willow, Vice-Chair (Lasqueti Island)

Local Trust Committees/Island Municipalities

A local trust committee exists for each group of islands designated as a local trust area under the *Islands Trust Act,* except for Bowen Island, which is an island municipality.

Each Local Trust Committee has three members—two locally elected trustees and one Executive Committee member, who serves as Chair. A Local Trust Committee is responsible for land use planning and regulation for its area of jurisdiction. Its responsibilities include preparation and adoption of Official Community Plans, Land Use Bylaws, zoning and subdivision bylaws, regulation of soil removal and deposit, and authorization of permits under Part 26 of the Local Government Act.

The Bowen Island Municipality is served by a seven-member Council which holds broad municipal powers including land use planning. The community elects two of the municipal councilors to Trust Council.

The *Islands Trust Act* requires Local Trust Committees to submit their bylaws to the Executive Committee for approval before adoption. Island municipalities must submit Official Community Plan bylaws to the Executive Committee before adoption. The Executive Committee also considers Island Municipality bylaws that refer to matters included in the Islands Trust Policy Statement. The *Islands Trust Act* and municipal letters patent establish procedures, should the Executive Committee not approve a bylaw or consider it at variance to the Policy Statement.

Trustees of the Islands Trust 2005-2006

Prior to the fall 2005 election, during the fiscal year beginning April 1, the following individuals formed the Islands Trust Council.

Bowen **Mayne**

Peter Frinton
Alison Morse

Denman
Tom Babb
Louise Bell

Gabriola
Sheila Malcolmson
Gisele Rudischer

Galiano
Sheila Anderson
Louise Decario

Gambier
Kim Benson
Bob Gibson

Hornby
Tony Law
Eleanor Kneffel

Lasqueti
Bronwyn Preece
Rose Willow

Jeanine Dodds
Rose Bennett

North Pender
Em Round
Gary Steeves

Salt Spring
Eric Booth (Resigned October 17, 2006)
Kimberly Lineger

Saturna
Brian Hollingshead
Tom Johnstone

South Pender
John Henshaw
Alma Lightbody

Thetis
David Essig
Gail O'Hara

In November 2005, as a result of the local government elections, the following individuals were elected as trustees and formed the Islands Trust Council as of December 2005:

Bowen
Alison Morse
Peter Frinton

Denman
Louise Bell
David Graham

Gabriola
Sheila Malcolmson
Gisele Rudischer

Galiano
Michael Sharp
Roy Smith

Mayne
Jeanine Dodds
Gary Rowe

North Pender
Ken Hancock
Gary Steeves

Salt Spring
George Ehring
Peter Lamb

Saturna
Brian Hollingshead
Tom Johnstone

Gambier
Kim Benson
Joyce Clegg

Hornby
Ron Emerson
Cari St. Pierre

Lasqueti
Bronwyn Preece
Rose Willow

South Pender
John Henshaw
Bruce McConchie

Thetis
Sue French
Peter Luckham

Trust Fund Board

The Trust Fund Board is comprised of six members: two trustees elected by Trust Council, one trustee appointed by the Executive Committee and three members appointed by the Minister of Community Services for terms of one to three years.

As the conservation land trust of the Islands Trust, the Islands Trust Fund acquires and manages land for conservation, accepts donations of land, conservation covenants and cash to help preserve places of natural significance or cultural value within the Trust Area, and undertakes stewardship education activities. The Islands Trust Fund provides tax receipts for all eligible donations.

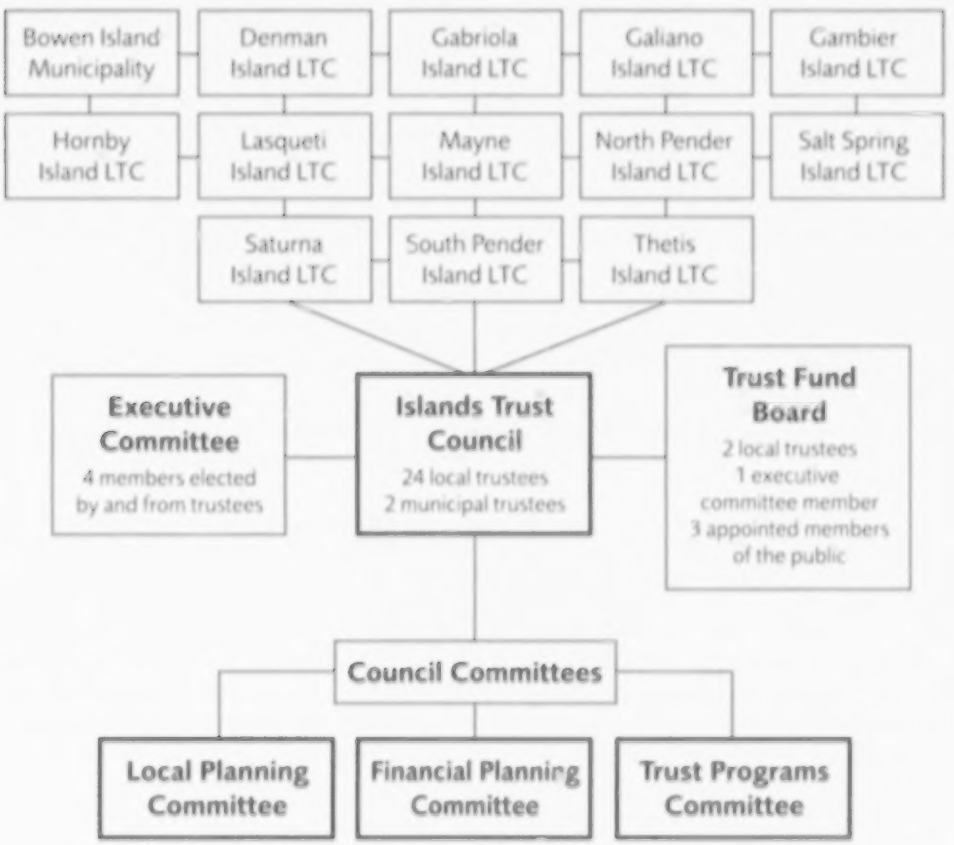
Every five years, the Trust Fund Board prepares a Trust Fund Plan for approval by the Minister of Community Services. The Trust Fund Plan establishes policies regarding the operations of the Islands Trust Fund. The Trust Fund Board has also adopted a Regional Conservation Plan to guide its policy and operations when receiving conservation proposals, applying for Free Crown Grants, determining its annual work program and measuring its success in protecting natural places. The board reviews the Regional Conservation Plan annually as part of an adaptive management process.

Trust Fund Board Members 2005-2006

Louise Bell, Denman Island (December 1998 - December 2005)
Kim Benson, Gambier Island (December 1999 – December 2005)
Tony Law, Hornby Island (December 1996 - December 2005)
Peter Lamb, Salt Spring Island (January 2006 – present)
Sheila Malcolmson, Gabriola Island (January 2006 – present)
Gary Steeves, North Pender Island (January 2006 – present)
David Borrowman, Chairperson, Salt Spring Island (Appointed member, March 2004 – present)
Marie Potvin, Victoria (Appointed member March 2004 – present)
Bruce Whittington, Ladysmith (Appointed member, March 2004 – present)

Islands Trust Legislative Structure

Local Trust Committees and Island Municipalities



Annual Report 2005 – 2006

Accomplishments

Islands Trust Area Highlights

Governance

Local Government Elections

Like other communities in British Columbia, island communities elect their local government representatives every three years. Voters in each of the twelve Local Trust Areas elect two local trustees to serve on a Local Trust Committee and to represent it on the Islands Trust Council. Local trustees serve a three-year term and make land use planning decisions for their communities. They are responsible for decisions about Official Community Plans, zoning and subdivision regulations and a variety of development applications.

Forty-eight candidates, including nineteen incumbents, ran for positions on twelve local trust committees and Bowen Island Municipal Council in the Islands Trust elections held Saturday, November 19, 2005. Following the elections, 13 new trustees and 13 incumbent trustees formed the new Islands Trust Council.

The elected trustees are:

- Bowen Island - Peter Frinton and Alison Morse (both incumbents);
- Denman Island - Louise Bell (incumbent) and David Graham;
- Gabriola Island – Sheila Malcolmson and Gisele Rudischer (both incumbents);
- Galiano Island – Michael Sharp and Roy Smith;
- Gambier Island – Kim Benson (incumbent) and Joyce Clegg;
- Hornby Island – Ron Ermerson and Cari St. Pierre;
- Lasqueti Island – Bronwyn Preece and Rose Willow (both incumbents);
- Mayne Island – Jeanine Dodds (incumbent) and Gary Rowe;
- North Pender Island - Ken Hancock* and Gary Steeves* (incumbent);
- Salt Spring Island – George Ehring and Peter Lamb;
- Saturna Island – Brian Hollingshead and Tom Johnstone (both incumbents);
- South Pender – John Henshaw (incumbent) and Bruce McConchie;
- Thetis Island - Sue French* and Peter Luckham*.

* Elected by acclamation.

In a rare occurrence, two South Pender Island candidates tied, with 98 votes each and, following a recount by the Chief Election Officer in late November and a judicial recount in early December that confirmed the tie, the elected candidate was determined by lot in accordance with the Local Government Act.

On Bowen Island, the community elected two Municipal Trustees to the Islands Trust Council at the same time they elected the Bowen Island Municipal Council. The Municipal Trustees represent Bowen Island on the Islands Trust Council.

The trustees were officially sworn in at a ceremony on Tuesday, December 6, 2005 in Victoria, just prior to the December quarterly council meeting which took place December 7–9, 2005.

Governance Task Force Formed

In March 2006, Trust Council unanimously passed the following motion to create a separate task force to ensure that a review of Islands Trust governance has internal leadership and momentum:

> *That the Islands Trust Council request the Executive Committee to establish terms of reference for a Task Force of interested trustees and senior staff to coordinate the Islands Trust's consultation with island communities, develop recommendations to Council and coordinate Council's input to the Ministry of Community Services in regards to Islands Trust governance review during the 2005-2008 term; and that without limiting the scope of the task force's terms of reference, the Trust Council request that the task force return to the June Council meeting with those recommendations that it feels are important to get on the provincial government's legislative agenda in time for the local government elections of 2008.*

New Guideline for Trust Council Minutes to Provide More Information

In September 2005, Council approved a resolution that will provide more information for members of the public on the position that Trust Council members take regarding decisions. The names of those trustees who oppose a resolution are now indicated in the minutes.

Governance Task Force Formed

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> *That the Islands Trust Council request the Executive Committee to establish terms of reference for a Task Force of interested trustees and senior staff to coordinate the Islands Trust's consultation with island communities, develop recommendations to Council and coordinate Council's input to the Ministry of Community Services in regards to Islands Trust governance review during the 2005-2008 term; and that without limiting the scope of the task force's terms of reference, the Trust Council request that the task force return to the June Council meeting with those recommendations that it feels are important to get on the provincial government's legislative agenda in time for the local government elections of 2008.*

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Voting Opportunities for Non-resident Property Owners

In December 2005, Trust Council initiated a review of voting opportunities by passing the following resolution:

> *That the Islands Trust Council request the Trust Programs Committee to re-examine voting opportunities for non-resident property owners and residents on islands without voting places and to make recommendations in sufficient time that they could be implemented for the next election.*

The next local government election will be in November 2008

March Tourism Forum Well Attended

The Islands Trust invited islanders and anyone else interested in island tourism to participate in the forum in Duncan at in March 2006. The intent was to provide a forum to talk about issues and identify community-based solutions, particularly important in view of the surge in tourism related to the 2010 Olympics. Tourism had been flagged by participants in a 2005 Islands Trust inter-island forum as an important topic for further discussion.

One hundred and forty-one participants heard from key note speaker Mayor Ken Melamed of Whistler, as well as a panel which included: Michael E. Kelly, a consulting tourism planner, Bob Myhr, Vice-Chair of the San Juan County Council; Dave Petryk, President and CEO of Tourism Vancouver Island; Rick Rollins, a researcher, teacher and member of the Malaspina Research Institute in Nanaimo; and, Michael Tilitzky, Executive Director for the Tofino-Long Beach Chamber of Commerce and Councillor for the District of Tofino. The majority of the forum focused on participants identifying issues related to island tourism, ranking the issues in terms of importance and suggesting solutions to tourism issues in the trust area.

The top issues identified by participants' votes at the Forum were:

1. Proactive community visioning, planning with regulatory and market based controls and incentives, including a long-term strategy (80 votes).
2. Retain authentic rural communities, responding to community needs, residential based community, and community values as a starting point, non-resident ownership, community integrity, diverse community (60 votes)
3. Research, education, awareness, inventory and indicators to understand what tourism means to the island (59 votes)
4. Low impact green tourism is the goal, concern regarding high impact activities (dirt bikes, ATVs, seadoos, jet skis, etc.), noise disruption to wildlife, peace, and quiet (49 votes)
5. Degradation of natural environment, carrying capacity, overstressed ecosystems, pollution of noise air and water (45 votes)
6. Opportunity to support First Nations cultural ecotourism (38 votes)

Based on the forum, consultant Michael Kelly was expected to prepare a report, including recommendations, to be posted on the Islands Trust web site later in 2006.

This year's forum was partially funded by a grant from the Union of BC Municipalities' Community Tourism Program.

Natural Area Protection Tax Exemption Program

The Natural Area Protection Tax Exemption Program (NAPTEP) was launched in early 2005 and is available to Gulf Island landowners in the Sunshine Coast Regional District and the Capital Regional District. It provides landowners who permanently protect natural features of their land through a conservation covenant the opportunity to receive a 65% exemption in property taxes on the protected portion of their land.

In 2005-2006 Trust Council issued four Natural Area Exemption Certificates in the Salt Spring Island Local Trust Area. The Arthur Lineham NAPTEP Covenant protects 23.69 hectares of mature riparian forest and wetlands. The property is home to Garry oak ecosystems and rare ecological communities including

Douglas-fir/sword fern, western hemlock-Douglas-fir/Oregon-beaked moss. The rare Painted Turtle has been seen on the property and the habitat is excellent for Red-legged frogs. The Leader NAPTEP Covenant protects 1.8 hectares of oceanfront property and includes terrestrial herbaceous, coastal bluff and Garry oak ecosystems. The property contains the red-listed Banded Cord Moss, one of only 16 known occurrences of this species in Canada as well as several red-listed ecological communities. The Owls Call NAPTEP Covenant is a 3.31 hectare protected area and includes a natural, undisturbed riparian area along Fulford Creek. Fulford Creek is listed as one of the top ten sensitive streams in the province of British Columbia and is the largest fish bearing stream on the southern Gulf Islands. Walter Bay NAPTEP Covenant protects 2.4 hectares of waterfront property and includes a rare Western Red Cedar/Vanilla Leaf plant community. Blue-listed species seen on the property include Great Blue Herons and the Common Wood-nymph butterfly.

There are currently four properties in the Natural Area Protected Tax Exemption Program. In total, 31.2 hectares of private land are now protected through the program.

Information about the program is available at: www.islandstrustfund.bc.ca/naptep.cfm.

Trust Council Representative on Gulf Islands National Park Advisory Board

Saturna Trustee Tom Johnstone was selected as Trust Council's representative on the Gulf Islands National Park Reserve Park Advisory Board and North Pender Trustee John Henshaw was selected as an alternate representative. These appointments provided the Islands Trust Council with an opportunity for close liaison with the Gulf Islands National Park Advisory Board.

Grants for Rainwater Projects

Late in 2005, the Islands Trust received two grants totaling $15,000 from the provincial government to study rooftop rainfall collection systems and the availability of harvested rainwater on Mayne Island. With increasing water demand on the Gulf Islands, sufficient water supply and more storage capacity are major challenges and the Islands Trust believes rainwater is part of the solution.

Each project received a grant of $7,500, provided through the Ministry of Community Services under the Local Government Grants Act for infrastructure planning. One project will assess the suitability of rainwater as a supplement to groundwater supplies and the other will assess the supply and demand elements of rainwater harvesting by looking at typical Gulf Island rooftops and water consumption patterns. The projects are expected to be completed in 2006.

Precautionary Principle Encouraged in Local Trust Committee Decision Making

In June 2005, Council formally encouraged local trust committees to implement the use of the precautionary principle by using a development approval information (DAI) bylaw; to include the precautionary principle in official community plan reviews; and, to support process that include the precautionary principle when considering development applications. Local trust committees that adopt a DAI bylaw can require development applicants to provide detailed information about the impacts of their proposal and applicants would have a clear idea of what is required.

Environmentally Sensitive Areas in Official Community Plans

A motion requesting local trust committees to recognize environmentally sensitive areas in their official community plans passed unanimously at the June 2005 Trust Council meeting. Council made its decision following the receipt of a report that outlined a number of best practices on the topic. This provides an

opportunity for local trust committees to adopt a consistent approach, provide a mapping reference in the OCP and will educate and provide clarity for staff and the public when considering development applications in the trust area.

Islands Trust Enters Transmission Line Review Process

In June 2005, Council confirmed its support for projects that would meet the current and projected electricity demands on the Southern Gulf islands and Vancouver Island, provided they are not based on fossil fuel consumption and provided that they are designed to minimize environmental, safety, health and aesthetic impacts. Council did, however, register its objections to the GSX Pipeline project and the Duke Point Power project, which is expected to negatively impact the marine environment within the Trust Area as well increase fossil fuel consumption. Council asked the CAO to participate in several associated review processes.

First Nations Relations

Several First Nations in the Trust Area are participating in the British Columbia Treaty Process. The Islands Trust continued to evolve its relations with First Nation communities in the Trust Area.

In 2005–2006 significant dialogue occurred with the Hul'qumi'num Treaty Group (HTG), focusing on the development of a Political Accord for the protection of HTG heritage sites. Islands Trust staff and HTG staff drafted a Memorandum of Understanding to guide staff of both communities on the protection of First Nation heritage sites when considering development of Official Community Plan policy or when processing development applications.

The Islands Trust Council, on behalf of the Gabriola Island Local Trust Committee, actively engaged with the Snuneymuxw First Nation (SFN) in the development of a Protocol Agreement. This agreement is designed to recognize the jurisdiction and values of the respective communities and will identify areas for cooperation including consultation and communication between both communities.

Local Planning Highlights

Riparian Areas Protection Implementation

In March 2006, Trust Council unanimously passed the following resolution:

> *That the Islands Trust Council direct the Director of Local Planning Services to retain an Environmental Consultant to develop terms of reference that can be used by local trust committees to implement the requirements of the Riparian Areas Regulation (RAR) in their respective trust committee areas and direct staff as an interim measure to use the provincial RAR as a guideline when evaluating development applications until Local Trust Committees adopt RAR policy reference into their respective Official Community Plans and/or Land Use Bylaws.*

The provincial *Riparian Areas Regulation* requires local governments in BC to develop local bylaws for protection of stream health and productivity. During the last 12 to 18 months, implementation of the *Riparian Areas Regulation* by the province has resulted in some confusion about how local governments should best implement the regulation. The Islands Trust needs to take a consistent and methodical approach to implementation of the regulation. Retaining an environmental consultant will assist the Islands Trust with the development of an implementation methodology that can be used by local trust

committees to implement the regulation in a timely manner. As an interim measure, Council needs to support a staff approach to use RAR as a guideline until Local Trust Committee bylaws are amended.

Islands Trust Wins Komas Bluff Court Case on Denman Island

The Supreme Court of British Columbia released Reasons for Judgement on August 31, 2005 that decided a significant court case in favour of the Islands Trust, one that confirms the ability of local governments in BC to use development permits to protect development from hazardous conditions. The Islands Trust Council was pleased that the courts have upheld the bylaws on Denman Island and hopes it sends a message to others who may ignore the bylaws in the Islands Trust Area.

This case also demonstrated the strength of the Islands Trust federation. Resources from all the islands enabled the Islands Trust to take the necessary action when an individual on one island attempted to circumvent the provisions of that island's land use regulations.

Enforcing Community Bylaws

In July 2005, the Islands Trust endorsed proactive bylaw enforcement by enabling some bylaw enforcement investigations within the Islands Trust Area to occur without a written complaint from a third party. Previously an investigation could only occur if there was a written complaint from a member of the public. Fundamentally, the Islands Trust bylaw enforcement policies are built around a complaint-driven process. Proactive enforcement is now possible in situations with potential for ecological damage, zoning violations associated with permitting processes and advertising of illegal land uses.

There is a growing expectation in the island communities that local trust committees enforce their land use regulations. This is evidenced by an increasing number of complaints received by the Trust including a significant number of files related to illegal vacation rentals. The February 2005 Nanaimo Forum, conducted by the Trust, confirmed a high community interest and expectation on the issue of bylaw enforcement. Considerable community effort goes into development and adoption of land use bylaws in local trust areas and many residents are looking for assurances that these bylaws will be enforced.

The majority of the bylaw infractions involve land use zoning contraventions, such as operating a business not allowed in a residential area. Other infractions involve siting, density, short-term vacation rentals and development permits. The Islands Trust has three bylaw enforcement officers, each working three days per week.

The first priority in bylaw investigation is to achieve voluntary compliance through consultation with the property owner. If that fails, the Islands Trust instructs its lawyers to send a letter regarding the violation of the bylaw and provide a reasonable time to comply. Finally, if that fails, the issue goes to litigation, which is always a last resort given the financial implications.

The number of active bylaw enforcement files increased from 106 in March 2005 to 135 in March 2006. Trust Council approved a resource adjustment required to support the approved bylaw enforcement policy amendments and investigate the increasing number of complaints.

Executive Committee

Executive Committee Advocacy

In response to concerns raised by communities through their locally elected trustees, Trust Council passed several resolutions.

Support for Agriculture

On January 19, 2006, Chair Kim Benson wrote to the Honourable George Abbott, Minister of Health and the Honourable Pat Bell, Minister of Agriculture and Lands with regard to continued concerns about the province's proposed *Meat Inspection Regulation*. Chair Benson recognized that the ministries had worked with stakeholders in the Gulf Islands to address these issues since the regulation came into effect in 2004, but re-iterated concerns about the implications for small-scale agriculture in the Islands Trust Area. The letter requested that the Ministries advise the Council of suggested solutions to the concerns.

Support for the Environment

In March 2006, Trust Council also passed the following resolution:

> *that Islands Trust Council endorse the following declaration and commit the Islands Trust to upholding its principles:*
>
> - *Water is a sacred gift that connects all life.*
> - *Access to clean water is a basic human right.*
> - *The value of the earth's fresh water to the common good takes priority over any possible commercial value.*
> - *Fresh water is a shared legacy, a public trust and a collective responsibility.*
>
> *and encourage all citizens of the Trust Area to endorse the above declaration and commit to upholding its principles.*

Support for Ferry-Dependent Communities

As a result of a request from the Islands Trust Council in June 2005, Chair David Essig wrote to the BC Ferry Commissioner to comment on the proposed ferry fare increases related to fuel costs. The letter suggested that only a portion of the proposed increase should be borne by ferry passengers and asked for an exemption for overheight commercial vehicles, in recognition of their importance to island economies.

At that meeting, Council also appointed Brian Hollingshead, local trustee for Saturna Island, as Council's representative to present its position regarding the proposed Fuel Tax Surcharge to BC Ferry Commissioner Martin Crilly.

The BC Ferry Commissioner's ruling regarding fare increases appeared to recognize some of the points made by the Islands Trust Council.

Fuel Surcharge

In December 2005, new Chair Kim Benson wrote to the Honourable Kevin Falcon Minister of Transportation expressing concern about the significant financial burden of ferry fuel surcharges for island residents who use the ferry system to access employment and services, often on a daily basis. In

her letter, Chair Benson stated: "It substantially shifts the financial costs of essential transportation links away from government and onto the residents and businesses of coastal communities. We understand that fuel prices have increased significantly in the last year and that BC Ferries needs to adjust their revenue stream to cover the increases. We urge the province to increase the Service Fees paid to BC Ferries so that government shares the increased fuel costs with ferry users in coastal communities, where BC Ferries is a crucial component of British Columbia's integrated transportation infrastructure."

Fuel Surcharge and Ferry Service Fee

In March 2006, Trust Council unanimously passed the following resolutions:

> *That the Islands Trust Council request the Executive Committee to write a letter to the Minister of Transportation, explaining the escalating financial hardship on island residents and communities by continuing fuel surcharges, and request the Ministry to fund a portion of the June fuel surcharge, if applied, in proportion to the service fee contribution to base revenue on the non-major routes.*
>
> *That Islands Trust Council request the Chair to send a letter to the Minister of Transportation, Kevin Falcon, advising him of Islands Trust Policy Statement 5.3.1 and that Trust Council expects that the service fee paid by the Province for ferry service to the islands would be at least the same percentage operating costs as it is under the present base contract and that services level not be reduced and that copies of the letter be sent to the Premier, all Trust Area MLAs, Carol Taylor, Minister of Finance, Martin Crilly, BC Ferry Commissioner, David Hahn, President of BC Ferries, Trustees and posted on the Islands Trust website.*

Minutes of all Trust Council meetings, including resolutions, are available on the Islands Trust website at: http://www.islandstrust.bc.ca/tc/minutes.cfm

Correspondence from the Chair of the Islands Trust Council is posted at: http://islandstrust.bc.ca/news/chaircorrespondence06.cfm

External Communication

In addition to the priorities of the Trust Council, the Executive Committee focused on the following areas during the year:

New Brochure On Who We Are and What We Do

In August 2005, the Islands Trust published a new brochure on what the Islands Trust does, how we work and how to get involved. The brochure also includes general information on the Islands Trust and the trust area.

New Gulf Islands Waterscape Poster Released

With increasing water demand on the Gulf Islands, having enough water and storage capacity is a key challenge in the Islands Trust Area. Educating people on the things they can do to keep water clean and conserve water can help ensure we have enough water for our needs in the future.

A colourful new poster on protecting and conserving island water was released in June 2005. The poster is displayed on BC Ferries operating Gulf Islands routes and is available to schools, libraries and Gulf Islanders from the Islands Trust or Natural Resources Canada. The poster addresses the nature of

groundwater supplies under the Gulf Islands, water storage, protection and degradation, and provides tips on water conservation.

Making the Gulf Islands waterscape poster was a team effort, involving the efforts of knowledgeable Gulf Islanders, groundwater professionals, scientists and educators. The poster combines the local knowledge of Gulf Islanders with scientific expertise on groundwater, geology and climate. Colourful illustrations were used to to emphasize points and make the poster eye catching and interesting. The poster is the result of public input and cooperation between the Islands Trust, island community groups, Natural Resources Canada, the Ministry of Water, Land and Air Protection, Malaspina University-College, the BC Groundwater Association, Canadian Water Resources Association and BC Ferries.

To view, download or purchase the poster, go to http://geopub.nrcan.gc.ca/moreinfo_e.php?id=215842

E-News

The Islands Trust quarterly electronic newsletter, subscribed to by nearly 600 people, was distributed four times during 2005-2006. The newsletter is designed for everyone interested in the activities of the Islands Trust. To subscribe, please visit: http://www.islandstrust.bc.ca/subscribe/default.cfm.

News Releases

The Islands Trust issued 31 news releases in 2005–2006 on a wide range of subjects including: public input on the annual budget, quarterly Islands Trust Council meetings and agendas, the local government elections, Community Stewardship Awards, land conservation, a new waterscape poster and a forum on island tourism. Islands Trust news releases are distributed to media throughout the Islands Trust Area and outlying media interested in the area, elected officials, other interested agencies and governments, as well as subscribers to the Islands Trust electronic distribution service.

Website Activity

There were 170,363 visits to the Islands Trust website over the last year and 46,661 visits to the Islands Trust Fund website, and there are currently more than 2700 subscribers to the e-mail distribution system. On average, there were more than 18,000 visits to the two sites each month.

The Islands Trust gathered feedback from the public, trustees and staff and utilized website statistical information from previous years to consider changes to our website that would make it easier for our constituents to find information quickly. Non-functional requirements were considered such as usability, readability and scalability. Functional requirements, including "user-friendly" were defined, and this information was collected, documented and used as a business case to move forward with a complete website re-build scheduled for 2006-2007.

New Publication to be Guided by Public Advisory Group

In the fall of 2005, the Islands Trust established a public advisory group, following a public request for volunteers, to provide input on a new publication intended to provide information about island life to newcomers.

The project, a joint venture between the Islands Trust, the Islands Trust Fund and the San Juan Preservation Trust, will include information on water conservation, tips on building, siting and landscaping, preserving rural character and island services. The role of the public advisory group is to ensure that local interests and values are reflected in the publication. British Columbia members

selected were: Joyce Bingham of Thetis Island, Tom Cameron of Gabriola Island and Marion Pape of Salt Spring Island.

Provincial Liaison

The Executive Committee continued liaison with the province regarding various aspects of the Islands Trust mandate such as:

In April 2005 an introductory letter of congratulations, which outlined the mandate of, and provided background information about the Islands Trust, was sent by Chair David Essig to all newly elected MLAs in the Islands Trust Area and the new Ministers of Aboriginal Relations and Reconciliation; Agriculture and Lands; Energy, Mines and Petroleum Resources; Environment; Forests and Range; and Transportation.

In September 2005, the Executive Committee met with BC Ferries to discuss terminal plans; island perspectives regarding BC Ferries' tariff structure; an update on plans for frequent user discounts; and an update on the process for negotiating the second term of the Coastal Ferries Contract.

In February 2006, the Executive Committee met with the Ministry of Community Services to introduce the members of the new committee following the November 2005 local government elections, and to discuss the Islands Trust's proposal for legislative changes and the upcoming governance review.

Other liaison highlights included:

San Juan County

The Islands Trust Council hosted an annual meeting in June 2005 on Mayne Island with the elected Council of San Juan County in Washington State to discuss issues of mutual interest and concern to island communities in the Georgia Basin. Trustees and Commissioners discussed the challenges of maintaining authentic and complete communities that are increasingly being affected by tourism and population growth. They also shared experiences and approaches to affordable housing and tourist accommodation, as well as a new trans-boundary project to create a newcomers guide to living on islands.

Bowen Island Municipality

In September 2005, Trust Council arranged a meeting with Bowen Island Municipality, the only municipality within the Islands Trust Area, to share information about common issues and review the status of Bowen Island after five years of municipal incorporation within the Islands Trust.

Islands Trust and the Union of British Columbia Municipalities Annual Convention

Chair David Essig and Vice-Chairs Kim Benson, Tony Law and Gisele Rudischer represented the Islands Trust Council at the Union of BC Municipalities (UBCM) Convention in Vancouver, September 26-30, 2005. Salt Spring Island Local Trustee Eric Booth attended the convention on behalf of the Salt Spring Island Local Trust Committee and Bowen Island Municipal Trustees Peter Frinton and Alison Morse attended the convention on behalf of Bowen Island Municipal Council. Islands Trust staff Chief Administrative Officer Linda Adams and Director of Administrative Services Craig Elder also attended the convention.

The UBCM Resolutions Committee formally recognized the Islands Trust as a local government and will include the Islands Trust in future resolution wording as appropriate.

Information regarding other resolutions is available on the UBCM web site under News Items.

While at UBCM the Islands Trust met formally with Pat Bell, Minister of Agriculture and Lands, Olga Ilich, Minister of Tourism, Sport and the Arts, Rich, Coleman Minister of Forests, Barry Penner, Minister of Environment, Assistant Deputy Minister Tim Sheldan, Ministry of Forests, Assistant Deputy Minister Peter Milburn, Ministry of Transportation, Heather McKnight, Regional Executive Director (Coast) of the Integrated Land Management Bureau (formerly Land and Water BC), Gary Leitch and Mark Stephanson of BC Ferries, and David Hodge, BC Fire Commissioner. Islands Trust representatives also attended several workshops and participated in a number of informal meetings with provincial ministers, MLAs, provincial government staff, regional district board members and staff, federal government staff, and a variety of other agencies.

Continuous Learning

As part of Trust Council's plan for continuous learning, the Executive Committee arranged presentations during Trust Council quarterly meetings from the following organizations:

- Smart Growth BC, a provincial non-governmental organization devoted to fiscally, socially and environmentally responsible land use and development. The presentation focused on ways that smart growth principles and practices could be applied in rural island settings.
- Salt Spring Energy Strategy, partially funded under the Islands Trust's sustainability program.
- Hul'Qumi'Num Treaty Group about their strategic land use plan, which describes a vision for their traditional territories included in the southern Gulf Islands.
- BC Ferries Commissioner Martin Crilly to discuss issues related to island ferry service such as tariffs, schedules and fuel surcharges.
- Parks Canada Gulf Islands National Park office provided an update to Council on the development of Interim management guidelines for the Gulf Islands National Park Reserve, reviewed park priorities for 2006, and provided key findings from the 2005 Patterns of Use study.

Trust Council Advisory Committees

There are three standing committees of Trust Council members appointed by the Chair, which advise on policy matters.

Local Planning Committee

Members prior to December 2005:

Kimberly Linegar, Salt Spring Island (Chair)
Sheila Anderson, Galiano Island
John Henshaw, South Pender Island
Brian Hollingshead, Saturna Island
Sheila Malcolmson, Gabriola Island
Gail O'Hara, Thetis Island
Em Round, North Pender Island
Gisele Rudischer, Gabriola Island (Executive Committee Representative)

Members as of December 2005:

Louise Bell, Denman Island (Chair)
John Henshaw, South Pender Island
Peter Luckham, Thetis Island
Gary Rowe, Mayne Island
Gisele Rudischer, Gabriola Island (Executive Committee Representative)
Michael Sharp, Galiano Island
Cari St. Pierre, Hornby Island

Protecting Raptor Habitat

As a result of work by the planning committee, in March 2006 Trust Council passed the following resolution:

> *That the Islands Trust Council encourage local trust committees to consider use of the model Development Permit guidelines for the protection of eagle, heron, and other raptor habitat in their island communities.*

The model Development Permit guidelines provide local trust committees with a tool to protect species habitat in accordance with the Islands Trust Policy Statement and specifically the policies relating to Ecosystem Preservation and Protection.

Best Management Practices for Local Planning Services

In March 2006, Trust Council adopted a policy to help achieve operational efficiency, fiscal responsibility and accountability for planning resources. The policy established new guidelines for delivering local planning services to Local Trust Committees; provided clarity of roles and responsibilities regarding service delivery; and supported Trust Council initiative to achieve fiscal responsibility and accountability within Local Trust Committees.

Trust Programs Committee

Members prior to December 2005:

Tony Law, Hornby Island (Chair)
Louise Bell, Denman Island
Kim Benson, Keats Island, Gambier Local Trust Area (Executive Committee Representative)
Louise Decario, Galiano Island
Peter Frinton, Bowen Island
Alma Lightbody, South Pender Island
Sheila Malcolmson, Gabriola Island

Members as of December 2005:

Sheila Malcolmson, Gabriola Island, (Chair)
Jeanine Dodds, Mayne Island
George Ehring, Salt Spring Island
Ron Emerson, Hornby Island
Sue French, Thetis Island
Peter Frinton, Bowen Island
Brian Hollingshead, Saturna Island
Roy Smith, Galiano Island
Rose Willow, Lasqueti Island (Executive Committee Representative)

Vacant Crown Land Profiles

In 1999, the Vancouver Island Interagency Management Committee coordinated the Public Lands Strategy to provide certainty regarding the future use of vacant Crown land in the Trust Area. Provincial agencies participated in the study of the parcels and in community meetings. The process produced accurate inventory and mapping of vacant Crown land in the Trust Area, a collation of existing data for each parcel and a technical analysis of future land use potential. Following community meetings, the Islands Trust made a commitment to return to island communities with more detailed profiles that incorporated agency information, additional information from published reports and local knowledge presented during the consultation process. The intention of the Vacant Crown Land Profiles is to represent the most complete collation of current knowledge regarding vacant Crown land parcels in the Trust Area.

The preparation of the Phase I Vacant Crown Land Profiles is now complete and includes Hornby (July 2003), Denman (July 2004) and Lasqueti (March 2005) Islands. Vacant Crown Land Profiles are available on the Islands Trust website under Trust Area Mapping, at:
http://islandstrust.bc.ca/lup/map/default.cfm#clm

Prior to posting the profiles, a community review process for the specific island is established and the draft profiles are referred for comment to First Nations, specific community groups and government agencies.

Phase II Vacant Crown Land Profiles include Galiano, Salt Spring, Valdes, Bowen, Gambier, Anvil and Balenas-Winchelsea Islands. These profiles are slated to be completed in future years.

2005 Community Stewardship Awards

The Islands Trust Council selected the recipients of the third annual Community Stewardship Awards during its quarterly meeting on Keats and Gambier Islands in September of 2005.

The award program is designed to honour dedicated individuals and groups who have donated countless hours to the stewardship of the islands in the Trust Area. The awards acknowledge the contributions of groups and individuals towards improving the community, culture or economic sustainability of an island.

This year, a total of 17 individuals and groups were nominated by the public for the third annual Islands Trust Community Stewardship Awards Program. The nominees' projects included conservation initiatives, a newspaper, economic renewal, community improvement, conservation education, water conservation and quality, a Japanese garden, the 'slow islands' movement and pesticide reduction. Nominees were from eight islands: Bowen, Denman, Gabriola, Hornby, Mayne, North and South Pender and Salt Spring.

The diverse nature of the work of the nominees and the quality of the projects in which they have been involved was so outstanding that, while awards are usually given to two individuals and two organizations, two additional honourable mentions were added.

Council gave the group awards to:

- the Hornby Water Stewardship Project, for their work on water testing and public education to protect water quality; and,
- the Mayne Island Japanese Gardens Volunteers for creating a memorial garden to honour the Japanese families of Mayne Island.
- The individual awards went to:
- Hilary Brown of Hornby Island for her ongoing work of almost seven decades to make Hornby Island a better place to live; and,
- Katherine Dunster of Bowen Island for her conservation work and promotion of the 'slow islands' movement.

In addition, two special honourable mentions were awarded – one to the Denman Conservancy Association for their annual house and garden tour fund-raising event and one to Nicholas and Naomi Wilde-Van Ginkles of Pender Island for their work to sensitize the community to the environmental impact of chemicals.

The Community Stewardship Award presentation ceremonies occur during the fall in the individual island communities where the recipients live. The public can make nominations for each year's awards in the spring.

Financial Planning Committee

Members prior to December 2005

Tom Johnstone, Saturna Island (Chair)
Louise Bell, Denman Island
Kim Benson, Gambier Island (Executive Committee Representative)
Eric Booth, Salt Spring Island
David Essig, Thetis Island (Executive Committee Representative)
Tony Law, Hornby Island (Executive Committee Representative)
Kimberly Lineger, Salt Spring Island
Alison Morse, Bowen Island
Em Round, North Pender
Gisele Rudischer, Gabriola Island (Executive Committee Representative)

Members as of December 2005

Tom Johnstone, Saturna Island (Chair),
Louise Bell, Denman Island
Kim Benson, Gambier Island (Executive Committee Representative)
Brian Hollingshead, Saturna Island
Peter Lamb, Salt Spring Island
Sheila Malcolmson, Gabriola Island
Alison Morse, Bowen Island
Gary Rowe, Mayne Island
Gisele Rudischer, Gabriola Island (Executive Committee Representative)
Gary Steeves North Pender Island (Executive Committee Representative)
Rose Willow, Lasqueti Island (Executive Committee Representative)
David Borrowman, Salt Spring Island (representing the Trust Fund Board)
Bruce Whittington, Ladysmith (representing the Trust Fund Board)

Financial Plan

On March 17, 2005, the Islands Trust Council had approved a new annual budget for 2005–2006 that maintained operations and provided additional funding for local planning projects, including reviews of official community plans and land-use bylaws, supported community planning through computer modelling and improved the accuracy of maps. As well as existing and new programs, the budget also addressed a planned decrease in funding from the provincial government, forecast inflation and increased legal costs to defend local bylaws.

The finance committee was challenged to ensure sufficient funding to fulfil the Islands Trust's provincially legislated duties and responsibilities under the *Islands Trust Act*. To accommodate the overall budget requirements, Council endorsed an average increase in property tax of $7.64 per $100,000 of assessed property value or 11.8 %. This meant a property tax increase of approximately $23.00 for a typical trust area residential property assessed at $300,000, for a total of about $217.00 for Islands Trust taxes this year.

This was the third budget for this council, whose term began in December 2002.

Local Trust Committees and Island Municipalities

There is a local trust committee for each group of islands designated as a local trust area by regulation under the Islands Trust Act. A local trust committee is responsible for advancing the object of the Act through land use planning and regulation for its area of jurisdiction.

Day-to-day planning activities of Local Trust Committees and Island Municipalities included: application processing; public, agency and trustee inquiries; Local Trust Committee or Municipality meetings; and Board of Variance support.

Below are examples of additional initiatives undertaken by some Local Trust Committees during the fiscal year 2005-2006.

Bowen Island Municipality

Councilors Allison Morse and Peter Frinton represent Bowen Island Municipality on the Islands Trust Council.

Bowen Island Municipality produces its own annual reports, which can be found on-line: http://www.bimbc.ca/

Denman Island Local Trust Committee

Official Community Plan and Land Use Bylaw amendments were adopted approving a New Light Industrial Development Permit (DP) area and regulations for this DP area.

Gabriola Island Local Trust Committee

In the fall of 2005, Gabriola Island became home to a 707-acres community park, the largest park of its kind in the Regional District of Nanaimo. The parcel was acquired using the density transfer provision contained in the (1997) Local Islands Trust Official Community Plan. The new park represents the first successful land transfer using this provision. The provision allows owners of forestry-zoned land to transfer one density to resource land for every 20 acres of forestland given to the community for forestry and wilderness recreation. The new park raised the total amount of parkland on Gabriola to 10 per cent.

Official Community Plan and Land Use Bylaw amendments were adopted allowing bulk water sales if approved by a Temporary Commercial Use Permit. Further, Official Community Plan and Land Use Bylaw amendments were adopted allowing short-term vacation rentals if approved by a Temporary Commercial Use Permit.

Work began on a Protocol Agreement between the Gabriola Island Local Trust Committee and the Snuneymuxw First Nation.

The Local Trust Committee started a review of the Mudge Island Official Community Plan, as well as a review of the home occupation regulations in the Gabriola Land Use Bylaw. A process began to consider expanding the NAPTEP program to include the Nanaimo Regional District, and a mapping project to identify Eagle Perch Trees began.

Galiano Island Local Trust Committee

Late in 2005 the first Heritage Forest Covenants were signed and filed in the Land Titles Office for three forest properties on Galiano Island. Owners of the forest properties applied for rezoning under the Galiano Island Official Community Plan (OCP) in accordance with a policy that allows for 25% of a forest property to be zoned for residential use provided that the remaining 75% of the property is zoned as heritage forest; that the heritage forest is covenanted to manage the land in accordance with sustainable forestry practices in perpetuity; and that the heritage forest is conveyed to an island organization of at least 30 years standing that has as one of its objects the stewardship of forest land.

Titles for the Heritage Forest land were transferred to the Galiano Club, a local charitable organization of eighty years standing with a proven record as a land trust on Galiano Island. Habitat Acquisition Trust (HAT) of Victoria and the Galiano Conservancy Association hold the covenants and assume the responsibility for monitoring the lands to ensure compliance with sustainable forestry practices and general stewardship goals for the lands.

The Galiano LTC also considered numerous applications and adopted several bylaw amendments for rezoning of lands and amendments to text provisions of the land use bylaw. Studies on parking in the Sturdies Bay area and a Galiano Affordable Housing Study were received.

Following the election the new LTC revised its work program to establish the Forest Lands OCP Policy Review as a priority.

Gambier Island Local Trust Committee

As a result of the voluntary dedication of 36 hectares (90 acres) of land following the second phase of an approved sub-division, a new community park was established on the east side of Gambier Island, in area called Brigade Bay. The new Pete Shields Park is owned and managed by the Sunshine Coast Regional District under its community parks program and makes a significant contribution to the creation of a network of parks and protected areas on the eastern part of Gambier Island by connecting Crown land, private land and a provincial marine park. Identified as a suitable area for a recreation park during the development of the Official Community Plan, the land also contains a wetland and creek system and provides additional public access to Halkett Bay Provincial Marine Park. It is adjacent to Mount Artaban, provincial Crown land that is the subject of the Trust Fund Board's recent free Crown grant application.

Hornby Island Local Trust Committee

The draft changes to the Land Use Bylaw were the subject of several public meetings and Local Trust Committee working sessions.

Lasqueti Island Local Trust Committee

The Lasqueti Island Local Trust Committee completed a comprehensive planning review of its former Rural Land Use Bylaw (RULB) resulting in the development of the first stand-alone Official Community Plan document and Land Use Bylaw. The planning process included extensive community and agency input ranging from workbook questionnaires to community information meetings. Significant issues discussed included: the use of guest cabins, residential density, and preservation and protection of the environment.

One of the new objectives in the Official Community Plan states that "the community aims to ensure that 12% of the land base of Lasqueti Island is preserved and protected with appropriate representation of all ecosystems in the area." Currently 8.5% of the local trust area is protected.

A project to review Planning Area Density began.

Mayne Island Local Trust Committee

The Local Trust Committee started work on the Official Community Plan review with an extensive community consultation process.

North Pender Island Local Trust Committee

The North Pender Local Trust Committee adopted a Municipal Ticketing Information Bylaw. Also, progress was made on the Official Community Plan review with an extensive community consultation process.

Salt Spring Island Local Trust Committee

Protected Areas Network Map
In 2006, the Islands Trust Fund was allocated $1,000 to deliver a Protected Areas Network Map. This map was created to assist with the Phase I of the OCP review process and to identify planning tools for protecting sensitive ecosystems.

Crown Land Profiles

Working with provincial land officers, the Salt Spring Island Local Trust Committee and the community participated in a comprehensive review of vacant crown lands. A final report was received, titled "The Salt Spring Island Vacant Crown Land Profiles". In addition to providing information on the capability of individual crown land parcels, the report is intended to give guidance to future crown land use decisions.

Gypsy Moth Control Program

This program was initiated in 2006. The program was deemed a success as the gypsy moths on Salt Spring Island have been successfully eradicated. This program was organized through the spirit of volunteerism and the program received a Community Stewardship Award for its efforts and success.

Saturna Island Local Trust Committee

The Saturna Island Local Trust Committee addressed applications and referrals for rezoning, removal and inclusion of land from/into the Agricultural Land Reserve, subdivision and other general applications.

Project work focused on the bluffs development permit area; Breezy Bay rezoning; the Bertolami Land Use Bylaw amendment, which was an application to re-distribute density on a Forest zoned property; a new fire hall site; short-term vacation rentals and recreational use of travel trailers.

The Board of Variance and Advisory Planning Commission bylaws were amended and sign regulations were adopted.

South Pender Island Local Trust Committee

A proposed marina zoning amendment for Poets Cove was considered and a new Islands Trust community notice board was installed at the South Pender fire hall.

Thetis Island Local Trust Committee

The Official Community Plan review commenced and a community information meeting took place.

Trust Fund Board

Islands Trust Fund

Creating a legacy of special places

The Trust Fund Board administers the Islands Trust Fund, a conservation land trust established in 1990 to preserve and protect unique ecological features in the Islands Trust Area. As one of British Columbia's leading conservation trusts, the Islands Trust Fund works with Trust Area communities to protect special places in perpetuity through voluntary land donations, conservation covenants, land acquisition and stewardship education.

The Trust Fund Board protects 633 hectares of natural and cultural values on 53 properties with a combined value of more than $13 million.

50 Protected Places

The Islands Trust Area is a beautiful, fragile region under ever-increasing pressure from development. Since 1990, islanders have responded to this pressure by donating their time, energy, land and money to the Islands Trust Fund, saving the places that give the islands their charm and contribute to The Trust Fund Board administers the Islands Trust Fund, a conservation land trust established in 1990 to preserve and protect unique ecological features in the Islands Trust Area. As one of British Columbia's leading conservation trusts, the Islands Trust Fund works with Trust Area communities to protect special places in perpetuity through voluntary land donations, conservation covenants, land acquisition and stewardship education.

The Trust Fund Board protects 763 hectares of natural and cultural values on 60 properties with a combined value of more than $21 million.

First Regional Conservation Plan Approved

After Trust Council endorsement in September 2005, the Islands Trust Fund released its first Regional Conservation Plan for the Islands Trust Area. The plan is intended to guide the Trust Fund Board's decisions and priorities for the next five years. The plan determines the percentages of natural ecosystems remaining in each local trust area and the Bowen Island Municipality and the varying levels of protection achieved to date for these ecosystems. Using these figures, the plan will help the Board focus its resources on the parts of the Trust Area that need protection most urgently.

By 2010, the Trust Fund Board aims to:

- Protect at least one of the Garry oak ecosystem sites identified by the Garry Oak Ecosystem Recovery Team.
- Protect at least two parcels of land of at least 50 hectares within the Bowen Island Municipality, Gambier or Lasqueti Local Trust Area.
- Work with partners to achieve at least 15% protection of the total area of each local trust area and island municipality
- Protect at least four properties adjacent to existing protected areas
- See protected area networks identified or referenced in all Official Community Plans across the Islands Trust Area.
- Update the Islands Trust ecosystem maps and increase accuracy by verifying at least 20% of the map polygons through field work.

The plan is available on the Islands Trust Fund website at: *http://www.islandstrustfund.bc.ca/planning.cfm.*

Conservation Covenant Donations in 2005-2006

In addition to four new NAPTEP covenants in 2005-2006, the Trust Fund Board expanded one existing conservation covenant on North Pender Island and received two new conservation covenants protecting land on Gabriola Island and Salt Spring Island. These new protected areas bring the total number of properties protected by the Islands Trust Fund through conservation covenants to forty-four.

Cottonwood Creek Covenant Addition, North Pender Island

In recognition of the need for protection of special places in the Gulf Islands, Barrie and Nancy Morrison expanded the conservation covenant on their property on Pender Island to include their recently acquired adjoining property. The newly expanded covenant area includes an herbaceous meadow, fruit trees and fenced garden areas that contribute to the rural residential landscape of Pender Island. The lands are part of a highly scenic and much photographed rural landscape visible from viewpoints along the Port Washington Road. Cottonwood Creek and its adjacent riparian area form the boundary between the old and new covenant areas.

Bachmann Covenant, Gabriola Island

This steep covenant area is 2.1 hectares of mature arbutus-Douglas-fir/moss woodland forest. The covenant area is home to sensitive Red-legged frogs and the Douglas-fir/arbutus plant community. The property also contains many boulders and large sandstone rock deposits that are fine examples of glacial rock deposits from the last Ice Age.

Shacum Covenant, Salt Spring Island

This four hectare conservation covenant was donated through a density transfer application. The covenant protects an open park-like Garry oak meadow that is home to many rare and endangered species including the Edith's Checkerspot butterfly, the Sharp-tailed snake, scalepod, manroot, small-flowered tonella, yellow montane violet, and California hedge-parsley. It also contains the Douglas-fir/arbutus and Garry oak/bromus endangered plant communities.

Land Donations in 2005-2006

The Trust Fund Board received two new nature reserves as land donations protecting land on Denman Island and Lasqueti Island. These new nature reserves bring the total number of properties owned by the Islands Trust Fund to seventeen.

Morrison Marsh Nature Reserve, Denman Island

After years of cooperation between the Denman Conservancy Association and an anonymous donor, a significant portion of Denman Island's largest marsh has been donated to the Islands Trust Fund as a new nature reserve. The 50.5 hectare property located at the southern end of Morrison Marsh protects the headwaters of the freshwater wetland, second-growth forest and rock bluffs. Home to more than 80 bird species, the site is a key waterfowl over-wintering and breeding area. Several species of special concern live on the property, including Great Blue Herons, Hutton's Vireo, Band-tailed Pigeons, and Red-legged frogs. The property is also home to many other species including beavers, mink, river otters, raccoons, rough-skinned newts, Pacific tree frogs, and several endangered/threatened plant communities. The property has long been used by local residents for walking, bird watching and nature appreciation. The existing trail network within the nature reserve connects to additional hiking trails in Boyle Point Provincial Park and the Crown land parcel to the east of the property.

The donor gave the land to the Islands Trust Fund to make sure it would remain in its natural state forever. Under Section 99 of the *Land Title Act* there is a provision for ecological protection that allowed the donor to keep some of the land and donate the remainder as a newly surveyed lot without the usual subdivision approval process.

Mount Trematon Nature Reserve, Lasqueti Island

Donated by the Gordon family, this property is 57 hectares and includes the summit of Mount Trematon. With an elevation of 327 meters, the ecologically important property is Lasqueti Island's highest point of land and has a spectacular 360 degree view of the northern portion of the Georgia Strait, Quadra and Cortez Islands, Mt. Baker in Washington State, and Mt. Arrowsmith on Vancouver Island.

The property contains undisturbed old-growth forest, with large arbutus, big-leaf maple and fire-scarred Douglas-fir trees. Many of the majestic old-growth Douglas-firs on the property are 200-500 years old. The occurrence of the red-listed plant species hairy gumweed (*Grindelia hirsutula)* on the property is the only recorded occurrence of this species in British Columbia. The property provides an important ecological buffer to the Lasqueti Island Ecological Reserve and has a year-round creek that flows out of a nearby lake.

Opportunity Fund

The Islands Trust Fund established the Opportunity Fund in 2004 to provide funding to partner agencies working on regionally important conservation projects. The Fund provides support for hard to fundraise costs associated with land protection, or is used to lever increased donations to land acquisition projects. It is funded by donations from the general public and proceeds from the sales of Islands Trust Fund birthday calendars.

In June 2005, the Trust Fund Board committed $5,000 in matching funds to the Salt Spring Island Conservancy to lever increased donations for the Mt. Erskine Acquisition Fundraising Campaign. The 40 hectare Mt. Erskine property on Salt Spring Island contains this regionally important mountaintop that

sees regular use by both wildlife and hikers. In August 2005, the Trust Fund Board transferred a total of $6,100 to the Conservancy to contribute towards the purchase of the property.

Stewardship Education Activities

The Islands Trust Fund recognizes that the most influential land stewards operating in the Islands Trust Area are landowners themselves as their daily decisions have a direct effect on the health of fragile island ecosystems. By providing ecological information and support to local landowners, the Islands Trust Fund enables landowners to make positive decisions that ultimately lead to the protection of island ecosystems.

Ruby Alton Rainwater Harvesting Demonstration Site

Ruby Alton grew up on Salt Spring Island digging clams, fishing, raising sheep and growing vegetables on her family farm. She was an ardent environmentalist who loved gardening. When she passed away, Ruby left her beautiful waterfront property as a bequest to the Islands Trust Fund. The 1.6 hectare property, including forest, house, gardens and pasture is now protected for generations to enjoy as a nature reserve.

In the summer of 2005, when it was determined that the nearby creek was not meeting the water needs of the current tenants of Ruby's house, the Islands Trust Fund installed a roof-top rainwater harvesting system, demonstrating that rainwater catchment can supply most of the water used by a four-person household. The project demonstrates a range of available technologies and good practices. There are regular guided tours of the site so that islanders can learn about this technology and about the impact of climate change on Gulf Island water resources. The Islands Trust Fund has also hosted educational displays at the Salt Spring Island Saturday markets and Fall Fair to provide practical information to islanders about conserving and collecting rainwater and the impact of climate change on island water resources. The education materials produced by the program and information about the demonstration site components are available on the Islands Trust Fund's website.

This project would not have been possible without the generous financial support of the following donors: The Salt Spring Island Foundation, Vancity/Real Estate Foundation of British Columbia Green Building Grant Program, Capital Regional District, Victoria Foundation, and Rainwater Connection. Slegg Lumber, Mouat's Trading and Windsor Plywood of Salt Spring Island each donated products for the garden portion of the rainwater harvesting

2005 -2006 Free Crown Grant Program

Through the Province of British Columbia's Free Crown Grant program, Trust Council and the Trust Fund Board work together to seek the sponsorship of the Minister of Community Services for parcels of Crown Land in the Islands Trust Area. When a Trust Fund Board application is granted, the title of the property is received by the Trust Fund Board and its ecological values are protected in perpetuity as a nature reserve.

UREP Proposed Nature Reserve, Gabriola Island

This 65 hectare parcel on Gabriola Island contains mixed young to mature conifer forest, including the last remaining stand of old-growth trees on Gabriola Island. Several streams and additional smaller wetland complexes are scattered throughout the reserve, providing high biodiversity values to the

property. The property is home to red and blue listed plant communities and blue-listed wildlife species including the Western Screech-Owl, Turkey Vulture and Townsend's big-eared bat.

This parcel is the first Free Crown Grant the Trust Fund Board will receive from the Province of British Columbia. The Board accepted an offer from the Crown in 2005 subject to the completion of a survey. With the survey now complete, the Trust Fund Board expects the Order in Council allowing the Integrated Land Management Branch to transfer the UREP lands to the Trust Fund Board to be signed in May 2006. The protection of this property comes after more than 15 years of interest by community members and elected officials in protecting this special place.

Mount Artaban Proposed Nature Reserve, Gambier Island

In September 2005, Trust Council authorized the Islands Trust Fund to apply for a portion of the 300-hectare parcel of Crown land on Gambier Island known as Mount Artaban, to be protected as a nature reserve. It is an area popular with hikers and provides dramatic views from its 614 meter peak. Staff have begun the application process for the free Crown land grant, and will present a budget proposal to Trust Council to cover the acquisition expenses, such as surveying and property management.

Loretta's Wood Transferred to Gulf Islands National Park Reserve of Canada

In April 2005, the Trust Fund Board transferred Loretta's Wood, a 38.7 hectare nature reserve acquired in 2003 and encompassing most of Mount Menzies on North Pender Island, to Gulf Islands National Park Reserve of Canada. The transfer of the property will allow Parks Canada to enhance their ability to manage the area and achieve sound ecological integrity within the park.

The Board negotiated terms of transfer that addressed specific concerns voiced by the local community. These terms include a prohibition on camping, fires, bicycles, horses and non-emergency vehicles on the transferred lands. The property would revert to the Islands Trust Fund should the lands ever become surplus to the national park reserve's needs.

Loretta's Wood has high ecological values, featuring four provincially rare or endangered plant communities, one vulnerable plant community, and one Species of Concern as listed by COSEWIC (Committee on the Status of Endangered Wildlife in Canada), the Red-legged frog. The property also contains wetland and terrestrial herbaceous ecosystems, both of which have been identified in the joint federal-provincial Sensitive Ecosystem Inventory initiative.

Gulf Islands National Park Reserve of Canada was officially established in May 2003. This 40th national park of Canada protects a portion of the Strait of Georgia Lowlands, one of Canada's most at-risk natural regions.

Property Management in 2005-2006

When the Trust Fund Board receives donations of land, it consults with the donor(s) regarding specific wishes they have for the property and considers these comments when developing management plans. The Trust Fund Board has a management plan in place for each nature reserve that it owns. In 2005-2006, the Trust Fund Board adopted management plans for Brigade Bay Bluffs and Long Bay Wetland Nature Reserves (Gambier Island). As part of an effort to update several management plans, the Medicine Beach Nature Sanctuary Management Plan was revised and approved by the Trust Fund Board.

The Trust Fund Board monitors its properties and covenants annually to ensure that the natural values that were protected are maintained.

Ruby Alton Nature Reserve Maintenance

In addition to the development of a Rainwater Harvesting Demonstration Site, infrastructural improvements to the Ruby Alton property included upgraded electrical service to the kitchen, insulated basement ductwork, fence repairs, boathouse removal, and the supervision of contractors for pruning and tree removal.

Preserve and Protect – How We Are Doing

Thanks to the efforts of national, provincial, regional, and local groups and governments, there has been steady growth in the amount of protected area in the Islands Trust Area since July 2003. Saturna local trust area has the most protected land at 44% while the Thetis and Mayne local trust areas have the least at 4%. The highest growth was in the Gabriola, Gambier, and South Pender local trust areas.

The creation of a 286 hectare regional park through a recent density transfer process, combined with a commitment to transfer a 64 hectare piece of Crown land to the Trust Fund Board, helped the Gabriola local trust area boost its protected area by 7.4 times from 1.1% to 8.3%.

New property donations to the Trust Fund Board helped the Gambier local trust area increase its protected area by more than 2.5 times from 3.4% to 8.3%. The South Pender local trust area gained protection for Greenburn Lake and nearby lands as part of the Gulf Islands National Park, increasing its protected lands by 1.6 times from 19.3% to 32.3%.

Audited Financial Statements of

THE ISLANDS TRUST

Year ended March 31, 2006

THE ISLANDS TRUST

Audited Financial Statements

Year ended March 31, 2006

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FINANCIAL REPORTING RESPONSIBILITY

The accompanying statements of The Islands Trust (the "Trust") are the responsibility of management. To ensure their integrity, objectivity and reliability, management has selected appropriate accounting policies that are consistent with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The financial statements necessarily include some amounts that are based on estimates and the judgment of management with appropriate consideration to materiality.

The Trust's accounting systems and related internal controls and supporting procedures are designed and maintained to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a well-defined division of responsibilities, accountability for performance and communication of standards of business conduct.

The Trust Council, acting through its Financial Planning and Audit Committees, oversees management's responsibilities for the financial reporting and internal control systems. The Committees meet periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements to Trust Council.

KPMG LLP, Chartered Accountants, the independent auditors appointed by the Trust have examined these financial statements and issued their report which follows. The auditors have full and unrestricted access to the Council to discuss their audit and their related findings as to the integrity of the financial reporting process.

Chief Administrative Officer

KPMG LLP
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AUDITORS' REPORT TO THE TRUSTEES OF THE ISLANDS TRUST

We have audited the consolidated statement of financial position of The Islands Trust as at March 31, 2006 and the consolidated statements of financial activities and fund balances and changes in financial position and the related statements of financial activities and fund balance for the general revenue and capital funds for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2006 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

May 5, 2006

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.

THE ISLANDS TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT A

March 31, 2006, with comparative figures for 2005

	2006	2005
Financial Assets		
Cash and short-term investments (note 2)	$ 1,124,317	$ 1,235,265
Accounts receivable (note 3)	256,471	105,431
Other assets	26,226	26,067
Due from The Islands Trust Fund	10,000	7,738
	1,417,014	1,374,501
Liabilities		
Wages and benefits payable	618,264	630,791
Accounts payable and accrued liabilities	140,182	160,353
Deferred revenue	60,426	34,049
Employee benefit obligations (note 4)	141,610	146,127
	960,482	971,320
Net financial assets	456,532	403,181
Physical assets (note 5)	1,041,032	1,001,811
Total net financial assets and physical assets	$ 1,497,564	$ 1,404,992
The Islands Trust Position		
General Revenue Fund (Statement D) (note 6)	$ 456,532	$ 403,181
Capital Fund and equity in capital assets (Statement E)	1,041,032	1,001,811
Total The Islands Trust position	$ 1,497,564	$ 1,404,992

Commitments (note 7)
Contingent liabilities (note 8)

See accompanying notes to financial statements.

Approved by the Trust Council:

Trustee

Trustee

THE ISLANDS TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCES

STATEMENT B

Year ended March 31, 2006, with comparative figures for 2005

	Budget 2006	Actual 2006	Actual 2005
Revenue:			
Property tax - general	$ 3,722,765	$ 3,722,765	$ 3,441,660
Property tax levy - Bowen Island Municipality	125,145	125,415	113,065
Special levy	10,000	10,000	-
Provincial grant - operating	178,000	178,000	236,000
Provincial grant - contract signing bonus	-	146,028	-
Fees and sales	150,000	156,417	162,269
Interest	45,000	48,027	41,727
Other income	3,500	73,309	39,213
	4,234,410	4,459,961	4,033,934
Expenditure (note 9):			
Council services	856,156	859,566	752,550
Local services	2,926,218	3,098,706	3,027,312
Trust Fund services	446,036	448,338	449,226
	4,228,410	4,406,610	4,229,088
Excess (deficiency) of revenue over expenditure	6,000	53,351	(195,154)
Fund balances, beginning of year	1,404,992	1,404,992	1,419,265
Asset acquisitions	102,000	110,487	230,222
Asset disposals	-	(71,266)	(49,341)
Fund balances, end of year	$ 1,512,992	$ 1,497,564	$ 1,404,992

See accompanying notes to financial statements.

THE ISLANDS TRUST

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION — STATEMENT C

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditure	$ 53,351	$ (195,154)
Increase (decrease) in net financial assets other than cash	(164,299)	45,278
Decrease in cash	(110,948)	(149,876)
Cash and short-term investments, beginning of year	1,235,265	1,385,141
Cash and short-term investments, end of year	$ 1,124,317	$ 1,235,265

See accompanying notes to financial statements.

THE ISLANDS TRUST

STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCE **STATEMENT D**
GENERAL REVENUE FUND

Year ended March 31, 2006, with comparative figures for 2005

	Budget 2006	Actual 2006	Actual 2005
Revenue:			
Property tax - general	$ 3,722,765	$ 3,722,765	$ 3,441,660
Property tax levy - Bowen Island Municipality	125,145	125,415	113,065
Special levy	10,000	10,000	-
Provincial grant - operating grant	178,000	178,000	236,000
Provincial grant - contract signing bonus	-	146,028	-
Fees and sales	150,000	156,417	162,269
Interest	45,000	48,027	41,727
Other income	3,500	73,309	39,213
	4,234,410	4,459,961	4,033,934
Expenditure (note 9):			
Council services	834,736	836,364	704,203
Local services	2,851,758	3,018,050	2,859,250
Trust Fund services	439,916	441,709	435,413
	4,126,410	4,296,123	3,998,866
Excess of revenue over expenditure	108,000	163,838	35,068
Net transfers to Capital Fund	(102,000)	(110,487)	(230,222)
Change in fund balance	6,000	53,351	(195,154)
Fund balance, beginning of year	403,181	403,181	598,335
Fund balance, end of year	$ 409,181	$ 456,532	$ 403,181

See accompanying notes to financial statements.

THE ISLANDS TRUST

STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCE
CAPITAL FUND

STATEMENT E

Year ended March 31, 2006, with comparative figures for 2005

	Budget 2006	Actual 2006	Actual 2005
Expenditure:			
Council services	$ 21,420	$ 23,202	$ 48,347
Local services	74,460	80,656	168,062
Trust Fund services	6,120	6,629	13,813
	102,000	110,487	230,222
Deficiency of revenue over expenditure	(102,000)	(110,487)	(230,222)
Net transfers from General Revenue Fund	102,000	110,487	230,222
Change in fund balance	-	-	-
Fund balance, beginning of year	1,001,811	1,001,811	820,930
Asset acquisitions	102,000	110,487	230,222
Asset disposals	-	(71,266)	(49,341)
Fund balance, end of year	$ 1,103,811	$ 1,041,032	$ 1,001,811

See accompanying notes to financial statements.

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

1. Significant accounting policies:

The financial statements of the Trust are prepared by management in accordance with generally accepted accounting principles for local governments, as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Trust are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and in financial position of the Trust.

(b) Revenue recognition:

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

Revenue earned in the current period is recorded as deposits or deferred revenue.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(c) Cost recoveries:

The Trust occasionally conducts work on behalf of development applicants on a cost-recoverable basis. The related expenses and cost recoveries are not reported as Trust expenses or revenue so that these activities do not distort the financial reporting for the Trust.

(d) Fund accounting:

Funds within the financial statements consist of the general revenue and capital funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(e) Short-term investments:

Short-term investments are recorded at cost, which approximates fair market value.

1. Significant accounting policies (continued):

(f) Employee benefit obligations:

The Trust and its employees make contributions to the Public Service Pension Plan. These contributions are expensed as incurred.

Retirement allowance benefits are also available to the Trust's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(g) Physical assets:

Physical assets, comprised of capital assets and leasehold improvements, are recognized as expenditures in the period they are acquired. Donated capital assets are reported at estimated fair value at the time they are received. Physical assets are recorded at cost.

The Trust does not record amortization on physical assets in the financial statements.

(h) Reserve amounts:

The reserve amounts (note 6) were non-statutory reserves established at the discretion of the Trust Council. Trust Council passed a resolution this fiscal year to combine reserves and surplus into a single amount for the General Revenue Fund.

(i) Equity in capital assets:

Equity in capital assets represents the historical cost of those capital assets. Equity increases as capital assets are acquired without incurring long-term debt or, where such debt is incurred, by the reduction of that debt. Equity decreases as capital assets are written off on disposal.

(j) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the period. Actual results could differ from those estimates.

2. Cash and short-term investments:

	2006	2005
Bank account balances	$ 87,093	$ 338,210
Term investments	1,037,224	897,055
	$ 1,124,317	$ 1,235,265

3. Accounts receivable:

	2006	2005
Opening balance - cost recoveries	$ 6,037	$ 63,572
Expenses for the year	149,295	111,177
Cash received in the year	(120,490)	(168,713)
Closing balance - cost recoveries	34,842	6,037
Accounts receivable - other	221,629	99,394
Total accounts receivable	$ 256,471	$ 105,431

4. Employee benefit obligations:

The Trust provides sick leave and certain other benefits to its employees.

	2006	2005
Vacation	$ 67,071	$ 66,238
Compensatory time off	19,666	24,859
Accrued retirement allowance	54,873	55,030
	$ 141,610	$ 146,127

Vacation and compensatory time off represent the liability for accumulated banks for draw down at future dates and/or for payout either on an approved retirement, or upon termination or death. Accrued retirement allowance represents the Trust's share of the cost to provide employees with certain retirement allowances in the year of retirement, which were estimated by an actuarial valuation completed in March 2006.

4. Employee benefit obligations (continued):

The significant actuarial assumptions adopted in measuring the Trust's accrued retirement allowance are as follows:

	2006	2005
Discount rates	6.00%	6.00%
Expected future inflation rates	3.00%	3.00%
Expected wage and salary increases	2.0%-3.0%	0.00% to 3.00%

5. Physical assets:

	2006	2005
Office furniture, equipment, and computers	$ 805,730	$ 775,108
Denman Island Old School Site	10,000	10,000
Leasehold improvements	225,302	216,703
	$ 1,041,032	$ 1,001,811

Denman Island Old School Site:

In 1993/94 the Denman Island Old School Site was sold to the Trust for $10,000, which was donated by the Denman Island Ratepayers' Association who, in turn, leased the building from the Trust for 99 years for a total fee of $10. The Trust agreed to facilitate the sale of the school between School District #71 and the Ratepayers' Association and to hold title to the property on behalf of the community.

6. General Revenue Fund:

In the year ended March 31, 2006, a Trust Council resolution combined reserves and surpluses into one account.

		Beginning balance	Transfers and appropriations	2006 Excess of revenue over expenditure	Ending balance
Surplus (deficit)	$	(29,130)	432,311	53,351	456,532
Appropriated balance reserve accounts:					
General		166,006	(166,006)	-	-
Capital		15,000	(15,000)	-	-
Legal		251,305	(251,305)	-	-
		432,311	(432,311)	-	-
General Revenue Fund balance	$	403,181	-	53,351	456,532

7. Commitments:

The Trust is committed to leases over rented premises and equipment. Minimum future payments in the next five years are as follows:

	Premises	Equipment
2007	$ 220,071	$ 25,119
2008	141,904	19,589
2009	56,379	18,389
2010	48,050	6,915
2011	40,142	-

8. Contingent liabilities:

In the normal course of a year, claims for alleged damages are made against the Trust. Costs, if any, are recorded when a liability and the amount is determinable.

9. Expenditures by object:

	2006	2005
Salaries and benefits	$ 2,583,090	$ 2,329,098
Travel/training and recruitment	103,568	118,264
Council and trustee costs	540,619	478,288
Office operations	613,540	620,054
Programs	221,505	216,036
Legal and elections	233,801	237,126
Equipment	110,487	230,222
	$ 4,406,610	$ 4,229,088

10. Pension plan:

The Trust and its employees contribute to the Public Service Pension Plan (the "plan"), a jointly trusteed pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The plan is a multi-employer, contributory pension plan. Basic pension benefits are defined. The plan has approximately 51,000 active and 30,000 retired plan members. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest valuation, as at March 31, 2005, indicated an unfunded liability of $767,000,000 for basic pension benefits. The next evaluation will be as at March 31, 2008 with results available in 2009. The actuary does not attribute portions of the surplus to individual employers. Contributions to the plan by the Trust totaled $128,379 (2005 - $129,927) during the year.

11. Trust fund under administration:

The Trust administers The Islands Trust Fund (the "Fund") which is related through the composition of the Fund's Board. The Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community Services.

For financial reporting purposes, the Trust and the Fund are reported on separately. These financial statements present the financial position and results of operations of the Trust.

The Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These expenses are summarized as follows:

	2006	2005
Programs	$ 358,192	$ 353,187
Board	12,087	13,883
Administration	78,059	82,156
	$ 448,338	$ 449,226

12. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Audited Financial Statements of

THE ISLANDS TRUST FUND

Year ended March 31, 2006

KPMG LLP
Chartered Accountants
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Victoria BC V8W 3Y7

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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of The Islands Trust Fund as at March 31, 2006 and statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Trust Fund derives revenue from grants and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from grants and donations was limited to the amounts recorded in the records of the Trust Fund and we were not able to determine whether any adjustments might be necessary to grant and donations revenue, excess (deficiency) of revenue over expenditures and Fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust Fund as at March 31, 2006 and the results of its operations and the changes in its fund balance for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

May 5, 2006

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.

THE ISLANDS TRUST FUND

Statement of Financial Position

March 31, 2006, with comparative figures for 2005

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2006 Total	2005 Total
Assets						
Cash	$ 31,206	$ 38,118	$ -	$ -	$ 69,324	$ 97,554
Short-term investment	-	-	-	100,000	100,000	88,000
Receivables	31	5,229	-	-	5,260	-
Inventory	5,032	-	-	-	5,032	7,305
Land (note 2)	-	-	3,468,903	2,654,000	6,122,903	4,909,903
	$ 36,269	$ 43,347	$ 3,468,903	$ 2,754,000	$ 6,302,519	$ 5,102,762
Liabilities						
Due to The Islands Trust	$ -	$ 10,000	$ -	$ -	$ 10,000	$ 7,738
Fund Balances						
Unrestricted	36,269	-	-	-	36,269	32,121
Investment in land (note 2)	-	-	3,468,903	-	3,468,903	2,255,903
Internally restricted (note 3)	-	16,594	-	-	16,594	16,263
Externally restricted (note 3)	-	16,753	-	-	16,753	48,737
Restricted for endowment purposes (note 4)	-	-	-	2,754,000	2,754,000	2,742,000
	36,269	33,347	3,468,903	2,754,000	6,292,519	5,095,024
Contingent liability (note 6)						
	$ 36,269	$ 43,347	$ 3,468,903	$ 2,754,000	$ 6,302,519	$ 5,102,762

See accompanying notes to financial statements.

Approved by the Trust Fund's Board:

_____ Board member

_____ Board member

THE ISLANDS TRUST FUND

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2006, with comparative figures for 2005

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2006 Total	2005 Total
Revenue:						
Donations in cash	$ 8,234	$ 11,925	$ -	$ -	$ 20,159	$ 14,259
Donations of land	-	-	1,213,000	-	1,213,000	-
Grants in cash	-	-	-	-	-	45,000
Rental income	-	11,250	-	-	11,250	10,450
Other income	-	14,079	-	-	14,079	-
Investment income	767	6,697	-	-	7,464	2,305
Sale of fundraising items	4,034	-	-	-	4,034	9,021
	13,035	43,951	1,213,000	-	1,269,986	81,035
Expenditures:						
Repairs and maintenance - Alton property	-	9,347	-	-	9,347	24,715
Rainwater collection and education program	-	54,237	-	-	54,237	-
Cost of sales of fundraising items	2,713	-	-	-	2,713	3,898
Other programs	-	-	-	-	-	2,460
Donations to conservancy groups	6,174	-	-	-	6,174	461
Donation of land to Parks Canada (Loretta's Wood)	-	-	-	-	-	185,000
Other	-	20	-	-	20	25
	8,887	63,604	-	-	72,491	216,559
Excess (deficiency) of revenue over expenditures	4,148	(19,653)	1,213,000	-	1,197,495	(135,524)
Fund balances, beginning of year	32,121	65,000	2,255,903	2,742,000	5,095,024	5,230,548
Interfund transfers	-	(12,000)	-	12,000	-	-
Fund balances, end of year (notes 2, 3 and 4)	$ 36,269	$ 33,347	$ 3,468,903	$ 2,754,000	$ 6,292,519	$ 5,095,024

See accompanying notes to financial statements.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2006

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

The Islands Trust Fund (the "Trust Fund") is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a Trust Fund plan approved by the Ministry of Community Services.

The Trust Fund is administered by the Trust and for financial reporting purposes, the Trust and the Trust Fund are reported on separately. These financial statements present the financial position and changes in fund balances of the Trust Fund.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Fund accounting:

The Trust Fund follows the restricted fund method of accounting for contributions.

The Opportunity Fund reports unrestricted resources.

The Capital Fund reports the assets, liabilities, revenue and expenditures related to the Fund's capital assets.

The Endowment Fund reports resources that are contributed for endowment purposes.

The Restricted Fund reports the assets, liabilities, revenue and expenditures related to internally and externally restricted assets.

(b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date of contribution.

(c) Revenue recognition:

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Opportunity Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

1. Significant accounting policies (continued):

(c) Revenue recognition (continued):

Contributions for endowment are recognized as direct increases in the Endowment Fund balance.

Interest income earned on Endowment Fund resources is restricted for the purpose of maintaining certain specified property and is recognized in the Restricted Fund. Interest income of internally restricted funds is recognized as revenue of the Restricted Fund. Other interest income is recognized as revenue of the Opportunity Fund when earned.

All other forms of income are recognized as revenue of the Opportunity Fund when received or receivable.

(d) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

2. Land:

	Acquisition date	2006	2005
Inner Island Nature Reserve, Denman Island	1992	$ 70,000	$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000
Medicine Beach Nature Sanctuary, North Pender Island	1996	477,000	477,000
Cunningham Reserve, Salt Spring Island	1994	265,000	265,000
Deep Ridge Reserve, Salt Spring Island	1992	255,000	255,000
Lower Mt. Erskine Nature Reserve, Salt Spring Island	1996	284,000	284,000
Kwel Nature Sanctuary, Lasqueti Island	1997	195,497	195,497
Singing Woods Nature Reserve, Bowen Island	1999	157,000	157,000
Trincomali Nature Sanctuary, Galiano Island	2001	242,406	242,406
Horton Bayviary Nature Reserve, Mayne Island	2002	210,000	210,000
Morrison Marsh Nature Reserve	2006	438,000	-
Brigade Bay Bluffs Nature Reserve, Gambier Island	2006	150,000	-
Long Bay Wetland Nature Reserve, Gambier Island	2006	305,000	-
Mt. Trematon Nature Reserve, Lasqueti Island	2006	320,000	-
		$ 3,468,903	$ 2,255,903

3. Restricted Fund balances:

	2006	2005
Internally restricted:		
South and West Salt Spring Conservation	$ 1,650	$ 1,615
McFadden property	14,944	14,648
	16,594	16,263
Externally restricted:		
Alton Nature Reserve - maintenance fund	13,038	75
Rain catchment project on Alton property	-	45,000
Chickadee Lake	2,484	2,431
Williams Covenant	1,231	1,231
	16,753	48,737
	$ 33,347	$ 65,000

4. Restricted for endowment purposes:

	Acquisition date	2006	2005
Alton Nature Reserve - maintenance		$ 100,000	$ 88,000
Alton Nature Reserve, Salt Spring Island	2002	454,000	454,000
Lindsay Dickson Nature Reserve, Denman Island	2001	2,200,000	2,200,000
		2,654,000	2,654,000
		$ 2,754,000	$ 2,742,000

5. Related party:

The Trust is related to the Trust Fund through the composition of the Trust Fund's Board. The Trust Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community Services.

The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. The expenses are summarized as follows:

	2006	2005
Programs	$ 358,192	$ 353,187
Board	12,087	13,883
Administration	78,059	82,156
	$ 448,338	$ 449,226

6. Contingent liability:

Two properties owned by the Trust Fund Board, the Lindsay Dickson property on Denman Island, and the Alton property on Salt Spring Island, were donated on the condition that the properties be used and managed in certain ways. The Lindsay Dickson property was donated "for so long as the land is used as a nature reserve for the use, benefit and enjoyment of the residents of B.C.". The Alton property is to be held, managed and preserved for its ecological environment and scenic features and not as a recreational park. The residence, gardens and driveway are to be preserved and managed for non-profit purposes.

In the event that these properties are not managed accordingly, the properties could revert to the Province of British Columbia in the case of the Lindsay Dickson Nature Reserve, and to the Executors of the donor's estate in the case of the Alton Nature Reserve.

7. Statement of cash flows:

A statement of cash flows has not been prepared as the cash flows are readily apparent in the accompanying financial statements.

8. Fair value of financial assets:

The carrying value of the Trust Fund's cash, short-term investments, receivables and inventory approximates their fair value due to the short period to maturity of the instruments.

Islands Trust

Islands Trust Fund

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